



1TGU-OWS-33-JL

DATE: November 2, 2001

SESA ISSUANCE NO.: 02-04

SUBJECT: Unemployment Insurance Data Validation (UI DV)
Program Update and Plans

1. **Purpose.** To give the status of UI DV implementation, announce the target date for beginning mandatory implementation, and provide preparatory instructions to State Workforce Agencies.
2. **Reference.** FM 37-99 (May 13, 1999), FM 04-01 (October 27, 2000), FY 2000 Workload Validation (WV) Audit Findings Letters to State Workforce Agencies, UI DV Status Update Fact Sheet distributed at June 19-20, 2001 New England Regional UI Directors Meeting, Cranston, RI.
3. **Background.** In May 1999, State Workforce Agencies and Regions were informed that the implementation of the UI DV system, which would replace Workload Validation (WV), would be delayed to enable states to concentrate scarce programming resources on ensuring that UI systems were Y2K compliant. In October 2000, State Workforce Agencies were advised to continue WV according to the existing WV cycle until collection authority expired on 12/31/2000; or if they preferred, they could begin the transition to implementing the UI DV system using the draft UI DV Handbooks that were previously provided to all states. The new WV/DV contractor, Sparhawk Group, Inc., would provide technical assistance with either WV operations or UI DV implementation as needed.

Most states required to perform a workload validation have opted for continuing WV; however, others have begun an early implementation of UI DV. Massachusetts, Minnesota, and North Carolina pilot tested the data validation initiative. In the past several months, Alabama, Arkansas, Florida, Georgia, Louisiana, Maine, Mississippi, Ohio, South Carolina, Tennessee, Utah and Wyoming requested and received a comprehensive briefing from Sparhawk Group, Inc., and Mathematica Policy Research for benefits and tax validation under the new system and are proceeding to implement UI DV.

The Employment and Training Administration (ETA) of the U.S. Department of Labor has submitted the UI DV clearance package to the Office of Management and Budget (OMB) to authorize the UI DV information collection activity under the Paperwork Reduction Act of 1995. OMB's approval is expected in January 2002.

ETA has contracted with Mathematica Policy Research, Inc. to design software for the states to use in performing the automated common functions of the UI DV program. The standardized software should reduce the state programming efforts significantly. This software will be ready to send to state agencies in late November.

4. **Implementation Steps for the Mandatory Program.** As noted, OMB approval for the mandatory program is expected in January 2002. As soon as possible after OMB approval is received, ETA will issue an Unemployment Insurance Program Letter to announce the approval, the implementation plans, and the due dates for State Workforce Agencies to provide the implementation plans to their regional offices. The National Office is planning a kick-off training session in December for Regional Office Coordinators in Washington, DC, to cover the implementation process, handbook maintenance, and the regional oversight role. State-specific handbooks, previously provided to states, are being revised to reflect the new software and incorporate the changes made in the ETA 227, "Overpayment Detection and Recovery Activities" and 5159, "Claims and Payment Activities" reports, will be ready for distribution to all states in early to mid-December.

It is expected that the UI DV program will be phased in over a period of 18 months. This implies a required implementation date of July 2003. A phase-in will be needed because not all states will be ready to implement UI DV immediately, and because training individual states on-site will stretch out the training and implementation periods. Individual state on-site training in the UI DV system and follow-up technical assistance in the implementation process will be largely provided by Sparhawk Group and Mathematica Policy Research staff under an existing technical support contract with the US Department of Labor.

In order to schedule the on-site training sessions, regional office staff have been asked to assess states' readiness to implement UI DV. Factors to be considered in making this assessment are as follows:

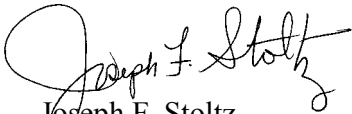
- **Agency Commitment.** The state must be willing to commit a team of ADP and program staff during the implementation period and provide the necessary management support. The program being developed by Mathematica staff will largely reduce the state programming task to preparing the necessary extract files for the program, but it is still a significant undertaking. The estimated staff time for implementing UI DV including the required programming is approximately one and one-half FTEs. Appropriate state staff must be ready to attend the training sessions and meetings related to UI DV, as well as to devote time to reading and understanding the UI DV Handbooks. In preparation for training, staff may consider reviewing and updating Module 3 (the state-specific information segment). Experience with the pilots and early implementation states indicates that further updates in Module 3 will occur in the course of conducting the validation.
- **Status of ADP/Reporting Systems.** A stable ADP/reporting system appears to be the ideal environment for implementing UI DV. However, states preparing to redesign their tax or benefit systems should realize that the UI DV handbooks can serve as the best possible guide to accurate reporting and that there should be economies in building UI DV programming into system redesign plans instead of undertaking UI DV after the redesign has been completed.
- **Resource Availability.** Experience has shown the value of devoting experienced staff to the implementation of UI DV. Availability of key state staff for validation is a key criterion for determining when states will be ready to implement UI DV.

States that are not ready to receive UI DV training and begin implementation of UI DV prior to November 2002 must conduct a Workload Validation in FY 2002 using the current WV handbook (HB 361, September 1997) so that the key workload items continue to be validated. This is particularly important during this period of continuing economic contraction and with the advent of the Resource Justification Model (RJM) which relies heavily on accurate and validated UI program data .

5. **Action Required.** State Workforce Agency Administrators are requested to:

- a. Distribute this issuance to appropriate staff;
- b. Provide a readiness assessment to the Regional Office including dates the agency expects to be ready to begin the implementation process for UI DV;
- c. Provide a WV plan to the Regional Office by December 3, 2001 should the agency elect to continue WV in FY 2002 (see ETA Handbook 361 (September 1997) for WV requirements);
- d. Contact James Laham at (617) 565-2250 to schedule contractors to provide on-site technical assistance should the agency elect to begin the UI DV implementation process; and
- e. Provide the information (for item b) to the Regional Office (Attn: James Laham) by November 23, 2001.

6. **Inquiries.** Please direct questions to James Laham at (617) 565-2250, jlaham@doleta.gov or your federal representative.



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